



March 13, 2012

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing an Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Reform – Mobility Fund, WT Docket No. 10-208

Dear Ms. Dortch:

On Friday, March 9, 2012, Shirley Bloomfield, Chief Executive Officer of the National Telecommunications Cooperative Association, met with Michael Steffen, legal advisor to Chairman Genachowski, to discuss matters related to the above-referenced proceedings.

During this conversation, Ms. Bloomfield expressed concern with the adoption of any further caps, cuts, and constraints to Universal Service Fund (“USF”) support and intercarrier compensation (“ICC”) in the wake of the Order released on November 18, 2011 by the Federal Communications Commission (the “Commission”) in the above-referenced proceedings. Ms. Bloomfield noted that all parties continue to evaluate and adjust to the many support and revenue reductions adopted by the Commission in that Order. Ms. Bloomfield also highlighted that numerous questions and substantial confusion continue to surround implementation of the Order and that end users already appear to face the prospect of significant rate increases as a result of the actions just taken.

In light of these concerns, the Commission, rural consumers, service providers, lenders, and investors would be far better served by first answering the many pending questions and taking the time to evaluate the impacts of the many changes just made, rather than racing forward with further steps such as: (i) re-prescribing the authorized interstate rate-of-return; (ii) extending the still-being-developed regression analysis-based caps to Interstate Common Line Support; (iii) reducing USF support in areas served by a purported “unsubsidized” competitor; or (iv) reducing any other ICC rate elements.

Ms. Bloomfield further emphasized the importance of implementing a true “Connect America Fund” (or “CAF”) for small rate-of-return-regulated rural local exchange carriers (“RLECs”). Rules to implement such a plan have been on the record now for nearly six months; this “RLEC Plan” would enable reasonable broadband deployment in rural areas while helping to ensure that USF growth would remain at historical, very modest levels (approximately 3% annually). Moreover, the RLEC Plan would solve two of the most vexing issues with respect to rural broadband deployment: (1) the need to ensure that consumers can migrate to standalone broadband services without being compelled to take legacy voice service as well; and (2) the need for middle mile support that will enable RLECs to provide reasonably comparable services at reasonably comparable rates. Ms. Bloomfield urged the Commission to adopt the RLEC Plan as the CAF for rate-of-return carriers or, at a minimum, to ensure that provisions are in place to provide incremental support for middle mile networks and standalone broadband.

Finally, Ms. Bloomfield expressed concern about the waiver process outlined in the Order. Ms. Bloomfield observed that the cumbersome nature of the process spelled out in the Order, together with the uncertainty surrounding when the rules (and resulting reductions in support) would be final, is deterring many RLECs from filing for waivers at this time notwithstanding substantial concerns about the apparent cuts arising out of the Order.

Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS with your office. If you have any questions, please do not hesitate to contact me at (703) 351-2016 or mromano@ntca.org.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President - Policy

cc: Michael Steffen